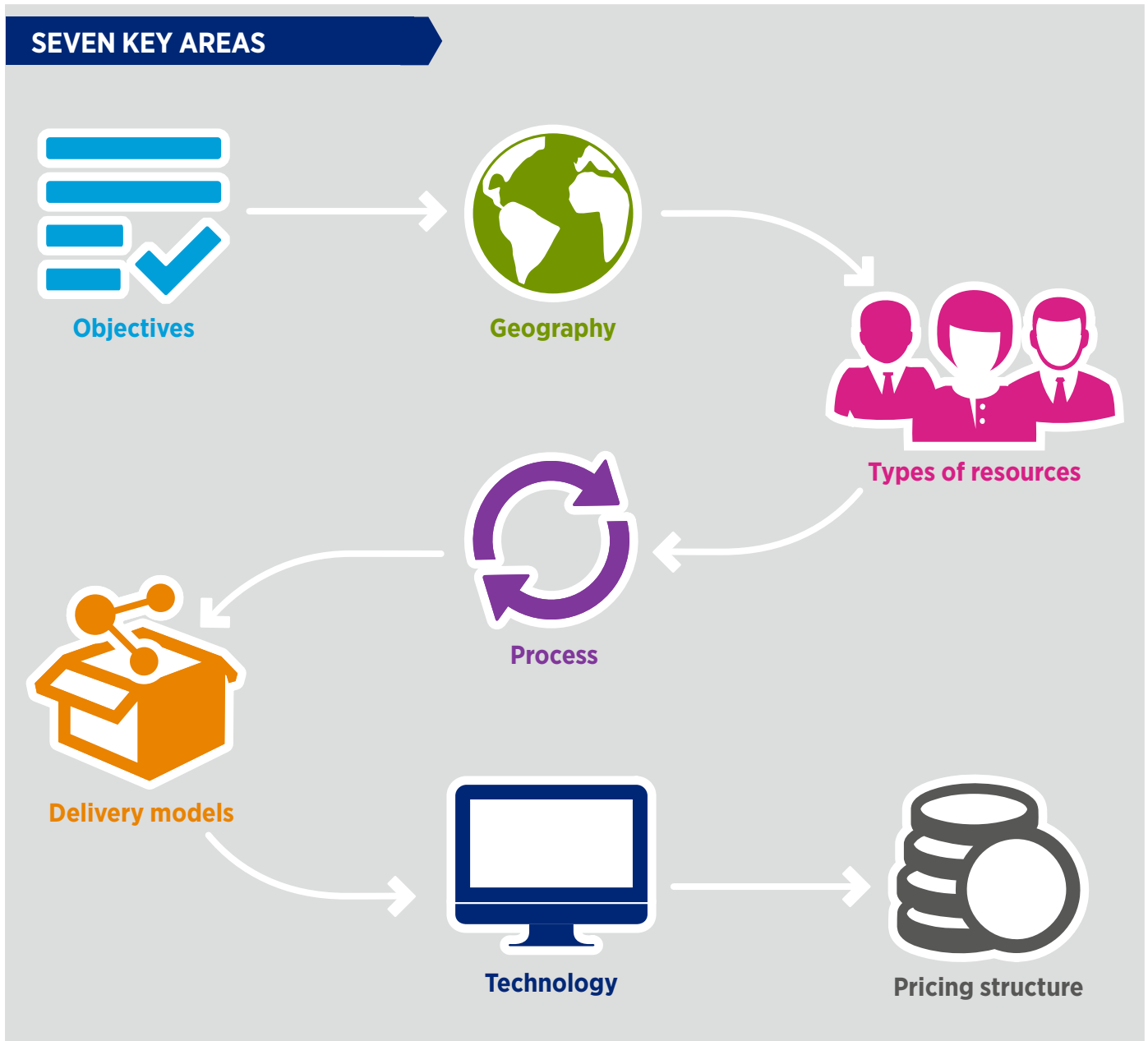


RECRUITMENT PROCESS OUTSOURCING PART 4: DECIDING WHICH MODEL IS FOR YOU

Whether you are looking at permanent (RPO) or non-permanent (MSP) hiring there are seven key areas you'll need to review. This guide takes each of these areas in turn, covering the questions you need to ask yourself and the different options you could consider and what types of situations each lends itself to.



OBJECTIVES

The most important thing you must review, before you explore any of the other areas or decide which recruitment outsourcing model and solution is for you: what are the primary outputs you are looking for from the service? What is the problem you are seeking to resolve?

Optimising your ability to access, engage and manage the best quality talent should always be the primary objective. On top of this, your end solution and model should deliver a combination of visibility, control, cost, speed, quality and compliance improvements, as well as reduced risk.

Before you go to market it is important to define the objectives and to prioritise them.

GEOGRAPHY

RPO and MSP

In an ideal world, you would build a single solution with a standard level of service across all geographic areas. In reality, to ensure optimum service in each area you'll need to weigh up several conflicting factors, including: local market maturity, size of operation, cost of implementation vs. benefits offered and long term strategic importance of the site.

For example, you'll need to assess the current risk exposure of locations from a legislative, screening, security and employment viewpoint, as this will

impact the potential benefits that can be achieved and what solutions can be implemented. You should also assess the size of opportunity; what is the volume of hires/contingent worker population? Is it enough to justify outsourcing?

Ease and cost of implementation and managing delivery

Although implementation costs are partially covered by the provider they will eventually impact you. There are several external factors that affect cost of delivery, such as the maturity of the market, which may impact the sophistication of the solution offered.

Organisation/site readiness is a big factor, you'll need to assess how much change is required, how integrated locations are with the rest of the business, what change is predicted or is already underway-are there major changes that would make it impractical to implement an RPO/MSP? Are the key stakeholders open to outsourcing? These factors will determine what can be included now and what should be phased in at a later stage.

This is where it is beneficial to engage early with providers, to sense check your thoughts and ask their insight into local markets.

Global vs Local

Some locations will prove more of a challenge, but this does not mean they should not be included. There are a number of key questions to consider:

How **strategically important** is the location?

Is there sufficient **sustained volume of hiring** to justify outsourcing? Will the hiring managers use the service enough?

Can the location be serviced **regionally/offshore**?

Is there the option to develop a **partial service** with some processes managed by local HR?

TYPES OF RESOURCES

RPO

Recruitment outsourcing projects can be set up in a way that can support most of your permanent hiring. However, there may be exceptions where it makes sense to maintain a different inhouse delivery model, such as the recruitment of executive level roles or highly localised low skill industrial hiring. Other types may be suited to outsourcing but require a different delivery model, for example annual intern/graduate intake programmes.

When deciding consider which areas will:

- Have high volumes or seasonality
- Likely have new areas of hiring
- Need scarce skill sets
- Require global mobility

MSP

While an MSP traditionally covers temporary and contract workers, some now extend to time and material or milestone based consultants, under a statement of work.

First decision therefore is which category?

Categories could include:

- Temporary workers
- Contractors
- Time and materials consultants/SoW
- Milestone based consultants/SoW
- Outsourced provider staff

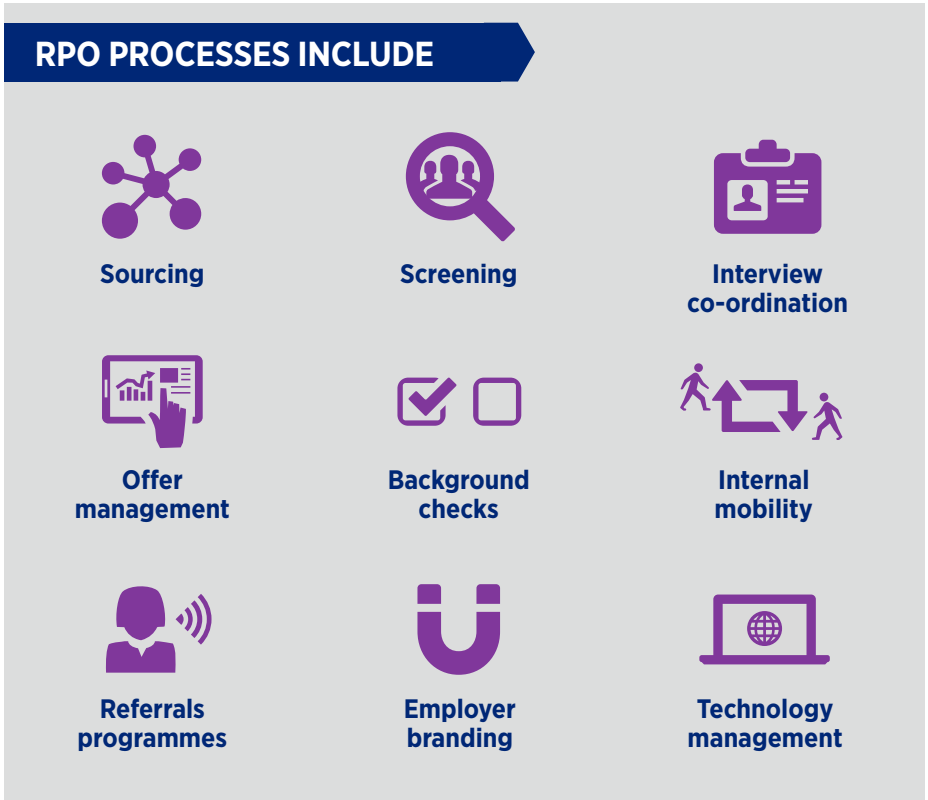
When deciding consider the following: where is the greatest proportion of spend? The largest and most unregulated supplier base? What trends are you seeing, for example an increase in spend through SOW that could be monitored/curbed by an effective managed service. Large spend, multiple suppliers, and non traditional supply models are all areas Hays Talent Solutions identifies as having potential to achieve cost savings.

PROCESS

RPO

When exploring process in regards to RPO you'll need to consider two things; what infrastructure you have in place already and what is the primary driver.

Modular programmes, where only a few processes are outsourced, can be a good way to introduce RPO. The most common processes to outsource are sourcing and screening, followed by technology management and background checks.



MSP

Due to the range of resource covered by an MSP, there will be some differences in service and the processes required. Your MSP will act as an extension of the procurement function, providing visibility, tracking, reporting and analysis of all contingent workforce procurement.

When exploring which geographies to include, you will need to consider local legislation regarding contingent workers, as well as your existing supply models and ability to generate cost savings or reduce risks.

You should review what are the 'must haves' and the 'nice to haves' regarding visibility and control, without compromising access to the best resources in the market. Again it is important you externalise enough for your provider to achieve the desired impact.



Service options:

Contractor Management Outsourcing or CMO is the most common and comprehensive option offering the highest levels of risk mitigation and process efficiency.

Master vendor is typically the fastest and most cost effective way to engage workers, suited to admin or generalist roles, it can also be highly effective for professional/IT workers.

Neutral vendor offers wider choice and therefore potentially quality, but usually takes longer and incurs additional cost, and is suited to specialist roles.

Hybrid offers you the best of both master and neutral worlds and is therefore suitable for the full workforce.



DELIVERY MODEL

Securing the best talent is the primary objective of any outsourced programme. When deciding which delivery model is right for you, you must consider the type of role/resource you are recruiting/managing against two criterias; criticality and regularity.

The next consideration is whether you prefer your RPO/MSP team onsite or offsite, local, offshore or if you take a hybrid approach.

Onsite		Offsite	
Advantages	High touch, highly visible and immersed in the culture	Advantages	Less demand on your resources in terms of space, etc.
Considerations	Can be inflexible in the face of fluctuating routes; Higher cost	Considerations	Less visible
Offshore		Hybrid	
Advantages	Opportunity for multilingual hiring, scalable and lower cost	Advantages	Allows for best of all options
Considerations	Requires careful cultural immersion strong processes design by your delivery partner	Considerations	Potentially confusing, requires a clear responsibility matrix



TECHNOLOGY

Technology is essential to the successful management of both an MSP and RPO solution. It provides visibility and control of the process and generates Management Information to help inform future decisions.

Selection of the right technology is a subject in its own right; however there are a few fundamental questions you need to address even before choosing which provider and technology.

- What is the project scope - do you require an end-to-end or only a part process solution?
- Standardisation or adaptation, do you need the same solution globally, or should each location use the best local provider?
- Bundled or standalone, do you want one provider for all to deliver cost and process efficiencies, or is agility and choice more important?
- Do you want your service provider to buy technology or to have this as a standalone project?





PRICING STRUCTURE

There are many different pricing frameworks and structures but the golden rule is the same for RPO and MSP: ensure it is aligned to your most important objectives.

Most mature commercial models now include elements all of the below, this enables all parties to invest in the partnership over the long term.

RPO

Here you have three main options:

Options	Fixed fee – typically a set periodic fee paid monthly or quarterly.	Transactional – a success based fee for each hire, most commonly this fee varies depending on the source of the successful applicants.	Performance based – this can be linked to cost savings or other key KPIs and can also be incorporated within both a fixed and transactional model.
Advantages	Simple budgeting for both client and provider, enables consistent level of investment and service.	Automatically scales with volume, can be easily charged to end user.	Aligns reward with the contract objectives.
Considerations	Difficult to scale in times of high or low volumes of recruitment.	In times of low volume the service may become unsustainable for the provider which will affect service.	A true performance model linked to savings can be difficult to calculate and measure, particularly in a first generation model where establishing the base line is difficult.

MSP

Most MSP models are funded through a transactional fee basis, based either as a percentage of spend or a price per transaction. However a fixed fee may be best from a risk management perspective.

As in RPO, performance based pricing, where savings are shared, can be built into the commercial model. This is particularly appealing as cost reduction is common requirement for an MSP, but again this

can be difficult to implement and manage, as it can be a challenge to ensure sustained savings reporting over time.

For MSP you must also consider if the service should be client or supplier/vendor funded. If cost neutrality is a prerequisite then the additional MSP and VMS services will have to be funded out of current expenditure, this is most common when seeking to achieve a reduction in worker or supplier rates. However this can be

challenging in areas where rates, fees and margins are already competitive – and may damage willingness of suppliers/vendors to participate in the programme.

Cost neutrality can usually be achieved by working with a selected group of strategic suppliers and offering an increased market share or other incentive in return for a lower supply margin.

CONCLUSION

Every organisation’s journey to externalising their resourcing is different, and no solution ever looks the same. However, once you’ve reviewed these seven factors you’ll be much better placed to decide the best option for you.

Often you will find it beneficial to consult service providers as early as possible, rather than reviewing the standard options

you see in front of you and putting out RFIs based on what you think you need. They will be able to put you in touch with others with similar issues, and will be able to advise you on each of the areas in more depth, introducing you to innovations and the latest thinking.

The most important thing is to ensure the solution you do develop ultimately

meets your objectives, and if you are clear on these then the other six areas of consideration will be much easier to review.

The next episode in this series helps you take the points raised in this article, to build your business case.

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